

# State of South Dakota

EIGHTY-FOURTH SESSION  
LEGISLATIVE ASSEMBLY, 2009

400Q0081

## HOUSE COMMERCE ENGROSSED NO. **HB 1059** - 1/26/2009

Introduced by: The Committee on Commerce at the request of the Department of Revenue  
and Regulation

1 FOR AN ACT ENTITLED, An Act to define and prohibit controlled business in insurance.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as  
4 follows:

5 As used in this chapter, the term, controlled business, means insurance written on the  
6 interests of the producer, producer's immediate family, or producer's employer; or insurance  
7 covering the producer, the members of the producer's immediate family, a business entity that  
8 acts as an insurance producer or receives an insurance commission, or the officers, directors,  
9 substantial stockholders, partners, or employees of such a business entity of which the producer  
10 or member of the producer's immediate family is an officer, a director, a substantial stockholder,  
11 a partner, an associate, or an employee.

12 Section 2. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as  
13 follows:

14 The director may not grant, renew, continue, or permit to continue any license if the director



1 determines that the license is being used, will be used, or has been used by the applicant or  
2 producer for the purpose of writing controlled business. A producer license is deemed to have  
3 been or intended to be used for the purpose of writing controlled business if the director  
4 determines that during any twelve month period the aggregate commissions earned from the  
5 controlled business exceeded thirty percent of the aggregate commissions earned on all business  
6 written by the producer during the same period of time.

7 Section 3. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as  
8 follows:

9 A business entity, that is incorporated or a partnership, is considered to be writing controlled  
10 business pursuant to section 2 of this Act if the aggregate commissions on business written by  
11 the business entity covering the owners, stockholders, members, or partners of the business  
12 entity constitute more than thirty percent of the aggregate commissions earned by that business  
13 entity on all business written during any twelve month period of time.

14 Section 4. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as  
15 follows:

16 The provisions of sections 1 to 3, inclusive, of this Act, do not apply to insurance written  
17 in connection with credit transactions, including title insurance.